

**Before the
Public Service Commission of South Carolina**

Docket No. 2022-89-G

**Application of Piedmont Natural Gas Company, Incorporated
for an Adjustment of Rates and Charges**

**Direct Testimony
of
Sasha Weintraub**

**On Behalf of
Piedmont Natural Gas Company, Inc.**

1 **Q. Please state your name and your business address.**

2 A. My name is Sasha Weintraub. My business address is 4720 Piedmont Row
3 Drive, Charlotte, North Carolina.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am Senior Vice President and President of Piedmont Natural Gas,
6 Company, Inc. ("Piedmont" or the "Company"). In that role, I am
7 responsible for all of Piedmont's utility operations and business activities.

8 **Q. Please describe your educational and professional background.**

9 A. I received a bachelor's degree in Mechanical Engineering from Rensselaer
10 Polytechnic Institute, a master's degree in Mechanical Engineering from
11 Columbia University and a PhD in Industrial Engineering from North
12 Carolina State University. In 2012, I joined Duke Energy Corporation
13 ("Duke Energy") as Vice President of Fuels and Systems Optimization. In
14 2014, I became Senior Vice President of Customer Solutions. In November
15 2018, I assumed the role of Senior Vice President and Chief Commercial
16 Officer of the Natural Gas Business Unit and I began my current role
17 leading the Natural Gas Business Unit in October 2019.

18 **Q. Have you previously testified before the Public Service Commission of**
19 **South Carolina ("Commission") or any other regulatory authority?**

20 A. Yes. I have testified before this Commission and the North Carolina
21 Utilities Commission on a number of occasions prior to joining the Natural
22 Gas Business Unit. I have also sponsored testimony before the Tennessee

1 Public Utility Commission and the North Carolina Utilities Commission in
2 my current role.

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. My testimony supports the Application filed by Piedmont on April 1, 2022,
5 seeking the establishment of a general rate proceeding in this docket. In
6 this testimony, I will provide a brief description of Piedmont and its
7 business, summarize the Company's request for rate relief and the reasons
8 behind such request, and provide an overview of the other significant
9 aspects of Piedmont's business and filing.

10 **Q. Please describe Piedmont and its business.**

11 A. Piedmont is a wholly-owned subsidiary of Duke Energy with its
12 headquarters located at 4720 Piedmont Row Drive, Charlotte, North
13 Carolina. The Company is principally engaged in the natural gas
14 distribution business and, as of December 31, 2021, serves more than 1.1
15 million customers in three states, including approximately 157,000 in South
16 Carolina. Piedmont is fortunate to serve a growing service territory in South
17 Carolina and anticipates continued customer growth for its system in South
18 Carolina of approximately 2% annually for the foreseeable future. The
19 significant capital investments that drive the need for this general rate case
20 in fact facilitates Piedmont's ability to continue to meet its obligation to
21 serve this growing South Carolina customer base under all weather
22 conditions.

1 **Q. Please describe Piedmont's gas distribution business in South Carolina.**

2 A. Piedmont serves customers across a number of cities, towns, and
3 communities in South Carolina within Anderson, Cherokee, Greenville, and
4 Spartanburg Counties. The majority of Piedmont's customers are
5 residential customers who use gas directly in their home, largely for space
6 heating and water heating needs. Piedmont also provides service to non-
7 residential customers, who are mostly commercial, industrial, and
8 manufacturing businesses. I will also note that Piedmont provides regulated
9 natural gas service to gas-fired electric generation facilities at two locations
10 in South Carolina, each of which is separately controlled and operated by
11 Piedmont's affiliate, Duke Energy Carolinas.

12 **Q. What are Piedmont's most important business goals?**

13 A. Piedmont continuously strives to provide safe and reliable natural gas
14 service to its customers at reasonable rates coupled with excellent customer
15 service. Customer, public, and employee safety are absolutely critical to
16 everything the Company does. Piedmont also wants its current and future
17 firm customers to feel certain that the Company will be ready to serve them
18 on the coldest winter days, which is when the aggregated customer demand
19 for natural gas delivered across Piedmont's system to South Carolina
20 customers is the highest and most critical to supporting human and
21 community needs. Piedmont wants its customers to experience great

1 customer service with each and every interaction. Finally, the Company
2 seeks to exemplify excellent environmental stewardship.

3 **Q. Does Piedmont receive feedback on its customer service?**

4 A. Yes. Piedmont is rated on its provision of customer service in several ways,
5 including ratings from J.D. Power and Escalent's Brand Trust ("Escalent")
6 survey results.

7 **Q. What can you report about Piedmont's customer service scores?**

8 A. Piedmont has continued to receive positive customer satisfaction and
9 trusted brand scores from J.D. Power and Escalent. Piedmont's most recent
10 score for J.D. Power is in the top quartile and the Company was ranked 6th
11 out of 44 utilities included in Escalent's 2021 South Region Utilities Brand
12 Trust Performance survey. Piedmont also monitors customer satisfaction
13 frequently by surveying its customers and using a net promoter score that
14 includes customers that rate the Company highly and those that did not.
15 Piedmont received its highest net promoter scores ever during 2020,
16 declining slightly in 2021 as a result of increases in the market price of
17 natural gas.

18 **Q. What is Piedmont seeking in this proceeding?**

19 A. In this proceeding, Piedmont seeks Commission authorization to: (1) update
20 and increase its rates and charges to account for changes in rate base,
21 operating expenses, cost of gas, and capital structure that have occurred
22 since the Company's last proceeding under South Carolina's Rate

1 Stabilization Act (“RSA”) in Docket No. 2021-7-G; (2) extend the
2 Company’s RSA mechanism, which has been critical to Piedmont’s
3 ongoing efforts to meet customer growth and to comply with federal
4 pipeline safety and integrity requirements; (3) amortize and collect certain
5 deferred environmental and general rate case related expenses that have
6 accrued since Piedmont’s last general rate case; and (4) update and revise
7 Piedmont’s existing service regulations and tariffs. These matters are
8 discussed in more detail either later in my testimony or in the testimony of
9 other Company witnesses.

10 **Q. What else is Piedmont seeking to do in this case?**

11 A. In addition to Piedmont’s requests for specific relief, as described above,
12 the Company will also: (1) provide updates to the Commission on its prior
13 and projected capital investment activities to comply with federal safety
14 mandates; (2) update the Commission on the status and necessity of a new
15 Piedmont-owned and operated Liquefied Natural Gas (“LNG”) plant that
16 supports customer needs for natural gas during the winter season, and
17 certain other critical infrastructure projects that the Company seeks to
18 recover in this proceeding that support serving Piedmont’s growing
19 customer base reliably during extreme weather conditions; (3) discuss the
20 impact of this filing on Piedmont’s customers and measures that Piedmont
21 is taking to assist customers; and (4) report on the Company’s efforts to

1 reduce methane emissions associated with the production, transportation,
2 and distribution of natural gas.

3 **Q. What is the scope of the rate changes you are requesting in this rate**
4 **case?**

5 A. The Application proposes rate changes that would produce an overall
6 increase in annual revenues of approximately \$6.7 million. This
7 approximate 3.4% increase in annual revenues is necessary to cover the
8 costs, including a reasonable return on investment, of providing safe,
9 adequate, and reliable natural gas service to the Company's customers in
10 South Carolina.

11 **Q. Why is it necessary to file this rate case?**

12 A. This rate filing is prompted by an insufficient return earned during the test
13 period ended December 31, 2021, that was driven by several factors. First,
14 since Piedmont's last proceeding under the RSA in Docket No. 2021-7-G,
15 Piedmont has continued to make substantial capital investments in its
16 system in order to: (1) maintain and expand its gas distribution system for
17 the benefit of its customers in order to accommodate system growth and
18 service reliability; and (2) comply with ongoing federal pipeline safety and
19 integrity requirements. With respect to the former factor, the largest project
20 completed subsequent to Piedmont's 2021 RSA proceeding is the Robeson
21 County LNG plant. This and other critical infrastructure projects are
22 necessary to provide service to Piedmont's growing customer base during

1 the winter high demand season. The total amount of capital spending
2 projected since the March 31, 2021 cutoff date used in the Company's 2021
3 RSA proceeding through March 31, 2022, is approximately \$58 million,
4 \$48 million of which supported system growth and \$10 million of which
5 was expended in support of federal pipeline safety mandates. This rate case
6 will allow the Company to roll these amounts into its base rates in order to
7 facilitate its ability to earn a reasonable return on these investments. This
8 rate case is also filed in compliance with a commitment the Company made
9 in its settlement agreement with the South Carolina Office of Regulatory
10 Staff ("ORS") in Docket No. 2019-7-G, which was approved by the
11 Commission. The Company agreed with the ORS that a general rate case
12 facilitating a more detailed review of cost allocation and rate design than is
13 done in annual RSA proceedings is appropriate at this time.

14 I think it is important to note the customer benefits that result from
15 Piedmont's ongoing financial stability as discussed in further detail by
16 Piedmont witness Chris Bauer. Historically, because of its financial
17 position, Piedmont has had the financial strength and flexibility necessary
18 to fund its long-term capital requirements, as well as to meet short-term
19 liquidity needs, all at an economical cost to customers. As important as low
20 costs are, ready access to capital is critical to serving the Company's
21 customers. Such access to capital is most assured for companies who have
22 strong financial positions, strong investment-grade credit ratings and

1 adequate cash flow generation to meet obligations as they become due. The
2 financial flexibility that comes from the ability to access cost-effective
3 capital in all market conditions serves the best interests of Piedmont's
4 customers.

5 **Q. Please identify the other witnesses that will offer testimony on behalf of**
6 **Piedmont in this proceeding.**

7 A. Brian Weisker, Senior Vice President, Chief Operations Officer Natural
8 Gas Business, will testify as to the requirements of federal pipeline safety
9 and integrity regulations and the incurred and projected costs of compliance
10 with those regulations along with major system enhancements needed to
11 provide reliable service to Piedmont's growing customer base. Chris Bauer,
12 Director, Corporate Finance and Assistant Treasurer, will testify on
13 Piedmont's pro forma capital structure, cost of debt, and provide further
14 perspective on the benefits to customers resulting from the Company's
15 ongoing financial stability and strong credit ratings. Pia Powers, Managing
16 Director, Gas Rates & Regulatory, will testify regarding Piedmont's
17 revenue request, its impact on customers, the Company's election to operate
18 under the RSA after this proceeding, and proposed changes to Piedmont's
19 service regulations and tariffs. Quynh Bowman, Director Gas Rates &
20 Regulatory Strategy, will testify in support of Piedmont's cost of service
21 and rate base, revenue requirement deficiency, and the proposed
22 amortizations of deferred assets. Kally Couzens, Manager Rates &

1 Regulatory Strategy, will testify regarding Piedmont's pro forma revenue
2 calculations and proposed rates. In addition to these Company witnesses,
3 Piedmont is also filing the testimony of Jim Coyne of Concentric Advisers
4 on the Company's cost of equity.

5 **Q. Can you please provide a little more context to Piedmont's rate case**
6 **filing in this docket?**

7 A. Yes. This rate filing occurs in the context of five significant influences
8 impacting the natural gas industry. These influences are the maturing
9 development of market access to plentiful new sources of shale gas; the
10 development of corresponding environmental opposition to the extraction
11 method for such supplies and opposition to the construction of infrastructure
12 necessary to deliver such supplies to end-use markets; substantial and
13 increasing federal regulations around pipeline safety and integrity that are
14 requiring unprecedented capital investment in existing natural gas
15 infrastructure; the remaining impacts of the COVID-19 pandemic from
16 which South Carolina, and the nation as a whole, is finally beginning to
17 emerge; and energy market volatility arising from the Russian invasion of
18 Ukraine and the corresponding impacts of that action on energy markets.
19 Piedmont envisions further economic volatility during the period of time
20 between the date of its filing and the date of its anticipated rate adjustment
21 later this year. The first factor has allowed Piedmont to maintain natural
22 gas rates for its customers at levels that are comparable with prior periods

1 even in the face of the substantial and ongoing capital investment required
2 by the third factor, and the negative economic and operational implications
3 of the second and fourth factors.

4 The continuing benefits of shale natural gas production have
5 allowed us to comply with federal integrity management requirements and
6 otherwise grow the Company's system while preserving the essential
7 affordability of natural gas service for Piedmont's customers which will be
8 a benefit to customers coming out of the current pandemic.

9 **Q. Are there any other subjects related to Piedmont's ongoing provision**
10 **of natural gas sales and transportation service to its South Carolina**
11 **customers that you would like to discuss?**

12 **A.** Yes. I would like to briefly mention that Piedmont is undertaking steps to
13 eliminate methane leakage from its operations and facilities as discussed in
14 more detail in the direct testimony of Company witness Weisker. Excellent
15 environmental stewardship is critical to the ongoing success of Piedmont
16 and the natural gas industry, and Piedmont's goal to reach a net-zero
17 methane emission level on its system by 2030 reflects its commitment to
18 the environment. Further, the Company's 2050 net-zero environmental
19 goal includes carbon emissions related to Piedmont's suppliers and our
20 customers.

1 **Q. Can you please address the new LNG plant?**

2 A. Yes. Mr. Weisker addresses this facility in greater detail in his direct
3 testimony but, in brief, Piedmont's construction of the Robeson County
4 LNG plant was completed in September 2021. This facility, located in
5 southeastern North Carolina, was necessary to ensure that Piedmont is able
6 to continue to provide firm natural gas distribution service to its customers
7 under extreme cold weather conditions, known as a design day, because
8 Piedmont designs its system to serve reliably on such day. Growing demand
9 on Piedmont's system causes it to continually evaluate the adequacy of its
10 systems to serve heat sensitive, high-priority customers on the coldest day.
11 The Robeson County LNG plant will provide peaking service to Piedmont's
12 customers in both South Carolina and North Carolina which will ensure the
13 Company's continued ability to serve these customers under such
14 conditions in a manner consistent with Piedmont's longstanding best cost
15 approach employed to acquire natural supply, pipeline capacity, and
16 associated system infrastructure. This facility will provide storage on
17 Piedmont's system at a critical location which is solely under Piedmont's
18 control. This will protect Piedmont's customers from potentially life-
19 threatening situations as were experienced last year in Texas due to record
20 cold temperatures. I also note that Piedmont's Pipeline Services team
21 constantly evaluates the resources required to ensure the provision of firm
22 service on a design day. The additional design day capacity, on-system

1 reliability, and operational flexibility provided by Robeson LNG plant
2 allows Piedmont the opportunity to evaluate existing upstream storage and
3 capacity contracts that deliver into the interstate pipeline system for the
4 purpose of releasing a portion of the contracts that will be replaced with
5 Robeson LNG. The potential release of a portion of these upstream storage
6 or capacity contracts may serve to reduce demand gas costs paid by
7 Piedmont's customers.

8 **Q. Does this conclude your testimony?**

9 A. Yes.